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Economic and legal advantages to business financing through the issuance of bonds

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Abstract

In this paper we treat economic and legal advantages to firms in business financing through the issuance of bonds. Besides theoretical analysis paper includes the empirical analysis, a survey conducted in 50 businesses, including individual businesses and corporations, about the types of financing they use. The objective was to obtain necessary information regarding the form of business financing in our country. The research shows that the majority of businesses surveyed stated that they started businesses with the bank loans due to lack of own capital. Most of the businesses surveyed feel the need for new sources of funding. The majority of surveyed businesses have no knowledge on how capital markets work in practice. The use of alternative financing methods in Kosovo hinders the lack of adequate markets for the trading of financial instruments. There is not yet a legal infrastructure that regulates the functioning of the capital market, especially the issue of bonds as funding conduit of great importance for large companies. Through hypotheses testing is proved that the development of the capital market would give the firms the opportunity of issuance of bonds as a funding source.

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